

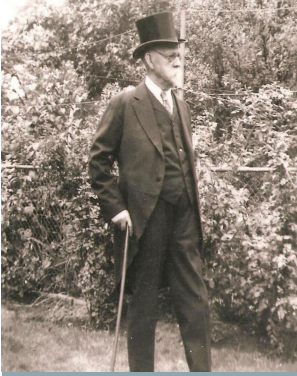


YOUR PERSONAL RISK MANAGER

Hunters International Insurance - Private Client Services

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Volume III Issue 4



Thomas Hunter at left was the first insurance broker in the Hunter family . He was born the son of an immigrant miller growing up at Hunters Corners just outside Dundas, Canada West (now Ontario) in 1845.

The website of HUNTERS International Insurance is called hunterscorners.com to acknowledge Thomas' humble beginnings - and his perseverance and longevity. On the reverse is a small piece published just before the Great Depression - reinforcing these qualities.

In uncertain times - trust, stability and credibility stand out. In our business - they always should.

TIGHTEN THOSE PURSE STRINGS

Some of this is going to sound like common sense - so it should be! Whoever you are - and however much you have accumulated - no one wants to over-pay for insurance. We don't see insurance premiums being affected by the recent financial turmoil and hurricanes south of the border. That said auto insurance claims experience is deteriorating - so expect that insurers will ask the government to approve rate increases imminently.

Increasing deductibles is the first thing that comes to mind to save money. If you haven't had claims - you are getting a claims free discount of about 10% per year. So making small claims doesn't pay off. So low deductibles are a waste of money whether you have four homes or an apartment Tenant's policy.

Talking about discounts - maximize them! Discounts are generally based on alarms, distance to fire hydrants/halls, new home construction, multiple policies, 50+, mortgage free, long term client, hybrid vehicle, low mileage, student away at school, "A" student, "mature driver", multiple vehicles and of course, claims free.

It's worth looking at this every year i.e. if town water is brought to your cottage property = BIG savings. (Those of you delaying getting a drivers licence for some reason - invest in one now - you'll pay far less insurance premium later.)

Don't get tickets. By this we mean, violations of the highway traffic act. If you do get one - you should call your broker immediately to discuss what can be done about it. This stuff affects your car insurance premiums for 3 years - materially.

If your insurance company offers it - buy accident forgiveness. It's less expensive than the premium associated with one at-fault accident. (Some insurance companies just build this into their pricing

vs. having a separate premium.) Your premium can be severely affected by an "at fault" accident for 6 to 10 years.

Read your home appraisal. Yes, you do have to insure to the full value of your Home. (Generally the Contents amount is a percentage which if you really feel is too high, you can lower it.) Your Home appraisal executed by the insurance company will have detailed cost of replacement per square foot and in most cases by floor. Don't look at just the average cost per square foot - think it through floor by floor. If it doesn't make sense, call your insurance broker for an intelligent conversation.

The total amount insured is then increased every year automatically to reflect increased cost of construction. Over a period of time the insured amount can cease to make sense depending on the circumstances. The merits (and risks!) of re-appraisal should be discussed at renewal.

If you have special collections like art or jewellery of a substantial amount - compare costs of a rider vs. a separate policy. You may be surprised at the savings and coverage expansion associated with speciality insurers.

The devil is in the details in insurance. Every year, you need to spend some time reviewing your coverage with your insurance broker to minimize the possibility of un-insured losses. If there are changes in your circumstances or lifestyle, you should be calling your broker to talk through coverage implications...and those discounts we talked about!

Do call us to discuss - we know the value of a dollar and we're here for the long haul.

- Brooke

Top 10 reasons to buy insurance from the bank or insurance company call centres

1. You get one option and one option only – ever.
2. You get to be your own insurance professional – assessing policy conditions and limitations on your own.
3. You get to deal with someone who has no clue who you are.
4. You get to deal with someone who probably has never been to your neighbourhood (or perhaps even your province).
5. You get to meet someone new every time you call.
6. You get to deal with someone with no obligation to continue their technical education.
7. You will never get a visit even if you want one.
8. Based on the above, there's a remote chance you will end up with coverage that's appropriate for you.
9. Working on that assumption – claims payment to your satisfaction should be a breeze.
10. Finally, when the claim happens, you get to fly solo – because the person who sold you the policy has long gone but surely they have your interests at heart – right?

The ads you see out there are right:

Your best insurance is an insurance broker. Seriously!

p.s. Primum Insurance, TD Meloche Monnex, RBC Insurance, DGI Direct and Certas are examples bank-owned entities. Other Call Centres offering similar "value" include: PC Financial, Belair Direct, CAA Insurance, Directprotect. Agents that are not in call centres - that really do mean well but just can't give you the options you need include: State Farm, Co-operators, Allstate

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FRACTIONAL AIRCRAFT OWNERSHIP

The fractional ownership of business jet aircraft originated in 1986 - which in the insurance world is very recently!

In a fractional ownership arrangement, a company buys (or in some cases leases) a share in an aircraft. The company can then use that aircraft for a certain number of hours or days a year. If that plane is unavailable when it is needed, the company generally gains access to a pool of identical or similar aircraft.

Organizations such as FlexJet or OurPLANE are generally defined by aviation insurers as "aircraft operators"; an acknowledgement that, as a practical matter, these companies have control over the day to day operation of the fractionally owned jet. Fractional owners generally enter into written agreements with the aircraft operator whereby the operator is responsible for the crew member employment and scheduled aircraft maintenance and repair.

Normally, the operator is responsible for obtaining liability and aircraft (hull) insurance.

For businesses that charter planes - a form of insurance exists to protect them called Non-Owned Aircraft insurance. This is a liability policy that provides bodily injury, property damage and aircraft hull protection while renting/chartering an aircraft they do not own. "Do not own" is a key phrase. You do not have to own an aircraft to be found liable for damage or injuries. A borrowed jet could attract the same potential liability. Just think, non-owned. If you do not own an interest in the aircraft, this coverage could be for you.

As a fractional owner (or even a joint owner) - it makes good sense to understand:

What is your company's responsibility if the plane is damaged while you are using it? What if it is damaged while another fractional owner is using it?

What liability does your business have if the aircraft is operated negligently by one of the other owners?

The ownership contract, the management contract and the operator purchased insurance are tools to address these scenarios.

There are many scenarios that could place the interests of the aircraft owner and operator in direct conflict. For example, if a loss occurred due to improper maintenance, the aircraft owner would usually seek recovery from the party responsible for maintaining the aircraft, which in the case of a fractional situation, would be the aircraft operator. If an employee of a fractional owner were killed, the employee's heirs would typically

bring suit against the pilot (or the pilot's employer) which, in the case of the fractional, is again the aircraft operator. Since most fractional aircraft operators assume the responsibility to procure liability and hull insurance, the fractional owner is placed in a difficult position as they attempt to protect their own interests versus those of the aircraft operator.

The management agreement should specify and therefore the insurance procured by the operator should include:

- Coverage through a stable insurer with at least an "A" rating from A.M. Best
- Notice of cancellation, (typically thirty days) and any material change in coverages to be sent to the fractional owners
- A provision that any physical loss is adjusted with the owner(s) ensuring that any physical damage payment made by the insurer will be issued to the aircraft owner (s) (in addition to any financing institution).
- An endorsement adding Fractional owners as additional insureds extending them the full liability protections under the policy
- A "cross liability" endorsement. The policy needs to be triggered by a claim asserted by an aircraft owner against the operator of the aircraft. Since both parties are insureds per above it is necessary to remove a standard exclusion that excludes coverage for claims brought by one insured against another

Fractional owners should get a copy of the full policy for their files - not just a certificate of insurance.

This still doesn't address every issue i.e. if the operator breaches a policy warranty like territory or FAR violations then coverage could be voided all together. Furthermore it is highly unlikely that the personal Umbrella insurance carried by a fractional owner would come to the table.

The next step in risk management is to buy a "Fractional Aircraft Ownership Contingent Policy" - which, like it sounds, provides contingent Liability, Physical Damage, Diminution of Value and Excess Aircraft Liability Insurance.

Whilst fractional jet ownership has been around since the '80's - don't assume that your insurance program has kept up!

HUNTERS

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leaders for five generations

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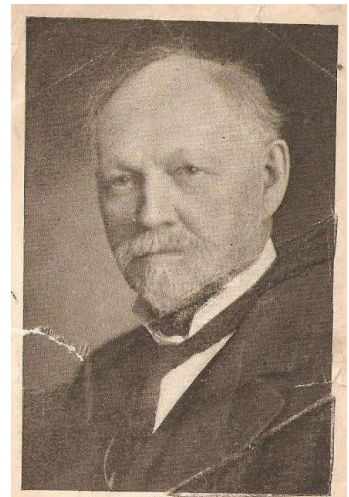
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The dean of insurance brokers in Toronto, age 83 years, born in Toronto. Mr. Hunter has been engaged in the insurance brokerage business since 1885 and is still in business with his son, Bryce B. Hunter, as Hunter, Rowell & Company. His hobby is gardening. He is at present in Northern Ontario, making an inspection of some mining properties in which he is interested. He is as active as any man of the age of sixty.

- published Toronto, 1928



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